AFFORDABLE CARE ACT
MASSACHUSETTS IMPLEMENTATION UPDATE

10/17/2012

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These Updates, published by the Executive Office of Health and Human Services (EOHHS) in consultation with the other state agencies involved in ACA implementation, will bring you news related to the implementation of provisions of the ACA here in Massachusetts.

Guidance

10/17/12 CMS published a correcting amendment to an ACA-related Medicare final rule called "Medicare Program; Hospital Inpatient Prospective Payment Systems for Acute Care Hospitals and the Long-Term Care Hospital Prospective Payment System and Fiscal Year 2013 Rates; Hospitals' Resident Caps for Graduate Medical Education Payment Purposes; Quality Reporting Requirements for Specific Providers and for Ambulatory Surgical Centers." The final rule implements portions of the following sections: 3001, 3005, 3008, 3011, 3014, 3021, 3025, 3106, 3123, 3124, 3125, 3137, 3141, 3401, 5503, 5506, 10302, 10309, 10312, 10313, 10314, 10319, 10322 and 10324. The amendment corrects technical errors in the final rule, which was published in the August 31, 2012 Federal Register.

The rule revises the Medicare hospital inpatient prospective payment systems (IPPS) for operating and capital-related costs of acute care hospitals. The changes are generally applicable to discharges occurring on or after October 1, 2012. The rule also updates the rate-of-increase limits for certain hospitals excluded from the IPPS that are paid on a reasonable cost basis subject to these limits. The updated rate-of-increase limits will be effective for cost reporting periods beginning on or after October 1, 2012.

The rule updates the payment policies and the annual payment rates for the Medicare prospective payment system (PPS) for inpatient hospital services provided by long-term care hospitals (LTCHs). Generally, the changes will be applicable to discharges occurring on or after October 1, 2012. In addition, the rule implements changes relating to determining a hospital's full-time equivalent (FTE) resident cap for the purpose of graduate medical education (GME) and indirect medical education (IME) payments. The rule establishes new requirements or revised requirements for quality reporting by specific providers (acute care hospitals, PPS-exempt cancer hospitals, LTCHs, and inpatient psychiatric facilities (IPFs)) that are participating

in Medicare. The rule also establishes requirements for the Hospital Value-Based Purchasing (VBP) Program and the Hospital Readmissions Reduction Program.

Read the correction at: Correction

10/16/12 IRS/Treasury published a notice to change the date of a public hearing on proposed rulemaking regarding the proposed rule "Additional Requirements for Charitable Hospitals." The subject of the hearing is the proposed rule that was published in the June 26, 2012 Federal Register.

The public hearing originally scheduled for Monday, October 29, 2012 (as announced in the October 1, 2012 Federal Register) has been rescheduled for Wednesday, December 5, 2012. The IRS must receive outlines of proposed comments to be discussed at the hearing by November 7, 2012.

The proposed regulations provide guidance regarding requirements under ACA §9007 and §10903 for charitable hospital organizations relating to financial assistance and emergency medical care policies, charges for certain care provided to individuals eligible for financial assistance, and billing and collections. The proposed rules seek to clarify hospitals' responsibilities under the ACA and give patients at least four months to apply for financial help before hospitals can surrender their claims to collections agencies or file lawsuits. The proposed regulations would also require hospitals to establish financial assistance policies (FAPs) and provide patients with the information needed to apply for such help.

Read the notice of hearing at: http://www.gpo.gov/fdsys/pkg/FR-2012-10-16/pdf/2012-25298.pdf

Prior guidance can be viewed at www.healthcare.gov

News

10/12/12 HHS announced that the ACA's improvements to Medicare such as the web-based Medicare Plan Finder and the Medicare Advantage (MA) rating system are helping people with Medicare during the 2013 Open Enrollment period. 2013 Medicare Open Enrollment runs from October 15, 2012 to December 7, 2012.

According to HHS, the ACA has strengthened consumer protections and improved plan choices for people with Medicare by motivating plans to improve their quality of coverage. During Medicare Open Enrollment, people with Medicare can use a star rating system to compare the quality of health and drug plan options and select the plans that are the best value for their needs for 2013.MA plans are given an overall rating on a 1 to 5 star scale, with 1 star representing poor performance and 5 stars representing excellent performance. Users of the Plan Finder will also see a gold star icon designating the top rated 5-star plans, and a different icon for those plans that are consistently poor performers. Furthermore, as required by §1102 of the ACA, this year MA plans received bonus payments for high quality performance.

Medicare Advantage Plans, sometimes called "Part C" or "MA Plans," are offered by private companies approved by Medicare and provide both Part A (Hospital Insurance) and Part B (Medical Insurance) coverage. Medicare Advantage Plans may offer extra coverage, such as vision or dental; most include Medicare prescription drug coverage (Part D). Medicare pays a fixed amount for a member's care every month to the companies offering Medicare Advantage Plans and, per the ACA, plans can no longer charge higher cost sharing than what a member in traditional Medicare pays.
Medicare Plan Finder users can search for MA and Prescription Drug Plans being offered in their

areas by inserting their home zip code. The Medicare Formulary Finder is also available online to help people with Medicare find local plans that cover their specific medications.

Since the ACA's passage in 2010 through the projections for 2013, Medicare Advantage premiums have decreased by 10% and enrollment is increasing by 28%. The average estimated basic Medicare prescription drug plan (PDP) premium is projected to remain at last year's rate ($30) for 2013.

The ACA also added other benefits to Medicare. In 2010, anyone with Medicare who hit the Medicare Part D prescription drug coverage gap (known as the donut hole) received an automatic $250 rebate. In 2013 Medicare beneficiaries will receive a 21% discount on generics and a 53% discount on their covered brand name prescription drugs. These discounts will continue to grow over time until the Medicare Part D prescription drug coverage gap is closed completely in 2020 as required by §1101. In addition, through §4103 and §4104 of the ACA, Medicare beneficiaries will continue to receive free preventive services, including annual wellness visits. Prior to the ACA many people with Medicare had to pay for preventive health services.

For details about the 2013 Part C and D Plan Quality Ratings, please visit: http://www.cms.gov/Medicare/Prescription-Drug-Coverage/PrescriptionDrugCovGenIn/PerformanceData.html.
For more information about Open Enrollment, please visit: http://www.cms.gov/Center/Special-Topic/Open-Enrollment-Center.html?redirect=/center/openenrollment.asp.

The Medicare Plan Finder and other helpful Medicare tools are available at www.medicare.gov.
For more information on the donut hole coverage, visit: cms.gov
For more information on the free preventive services, visit: http://www.hhs.gov/news/press/2012pres/08/20120820a.html

10/11/12 HHS announced a $229.4 million investment in the National Health Service Corps (NHSC) for state loan repayment programs and for approximately 4,600 loan repayment and scholarship awards for clinicians and students in 2012. The NHSC's Student to Service is a pilot program created under §5207 of the ACA that provides loan repayment of up to $120,000 to medical students in their last year of education. In return, awardees must serve three years of full-time service or six years of part-time service in rural and urban areas of greatest need. Currently, there are 790 approved sites in Massachusetts for NHSC members to practice. 2012 applications will be available in October.

For more information, visit: http://nhsc.hrsa.gov/loanrepayment/studentstoserviceprogram/index.html
For more information, visit: http://www.hhs.gov/news/press/2012pres/10/20121011a.html

10/9/12 The Urban Institute released a study called the "Implications of the Affordable Care Act for American Business." The study describes the ACA provisions that impact businesses of various sizes and estimates the ACA's effects on employer-sponsored health insurance coverage and costs. The analysis also examines the consequences of the ACA's penalties on mid-size and large employers not offering coverage or offering unaffordable or inadequate coverage.

According to the study, implementation of the ACA's employer-related provisions will help increase employer-sponsored insurance coverage as well as reduce the cost small businesses pay for employee health coverage. In the analysis, Urban Institute researchers estimate that the number of Americans covered by employer-sponsored insurance would increase by 2.7% if all provisions of the ACA were implemented this year, while costs-per-person for small

businesses (fewer than 50 employees) would decline by 7.3%. Furthermore, if the ACA had been fully implemented this year, employer-sponsored insurance would have covered over 4 million more people. In small, mid-size, and large firms alike, more employees and their families would have private insurance.

The research shows that the largest coverage increase (6.3%) would have occurred among employees in small firms, with 100 or fewer employees. Overall for small businesses, those with fewer than 100 employees, total health insurance spending would be reduced by 1.4%. According to the study, the reductions reflect efficiencies in the insurance market and tax credits that offset premium costs for the smallest employers with low wage workers. Small businesses (those with fewer than 50 employees), are exempt from being assessed a penalty under ACA §1513.

A small business health care tax credit is available under ACA §1421 to small employers that pay at least half of the cost of individual coverage for their employees. This federal credit is targeted to help those small businesses and tax-exempt organizations that primarily employ low and middle-income workers. This tax credit is available to both qualified employers who currently offer coverage and those that want to begin offering coverage and is meant to offset some of the costs associated with doing that. The eligibility rules refer to the number of full-time equivalent employees, not the number of employees; credits or partial credits are available to employers with 10 or fewer full-time equivalent employees.

Since most large businesses (more than 1,000 employees) currently provide health insurance for their workers, the ACA would increase their costs by 4.3%, attributable mostly to slightly higher employee enrollment rates because of an increase in the number of workers and dependents who will gain coverage under the ACA's insurance expansions.

According to the Urban Institute's research, only among mid-size businesses (with 101-1000 employees) would costs per person be appreciably higher, largely attributable to those employers not offering coverage today. The analysis shows that those businesses would experience a 4.6% increase in costs-per-insured-person, reflecting both penalties assessed on employers who do not currently provide coverage as well as expanded enrollment.

Read the study at:
http://www.urban.org/UploadedPDF/412675-Implications-of-the-Affordable-Care-Act-for-American-Business.pdf

Learn more about the small business tax credit at: http://www.irs.gov/uac/Small-Business-Health-Care-Tax-Credit-for-Small-Employers

Upcoming Events

Integrating Medicare and Medicaid for Dual Eligible Individuals Open Meeting
November 2, 2012, 2:00 AM - 4:00 PM
State Transportation Building, Conference Rooms 1, 2, & 3, Second Floor
10 Park Plaza
Boston, MA

The purpose of this meeting is to continue discussion on key implementation topics for the Duals Demonstration.

We welcome attendance from all stakeholders and members of the public with interest in the Demonstration. Reasonable accommodations will be made for participants who need assistance. Please send your request for accommodations to Donna Kymalainen at

Donna.Kymalainen@state.ma.us.
Money Follows the Person (MFP) Working Group Meeting
November 28, 2012, 2:00 PM -3:30 PM
State Transportation Building
10 Park Plaza
Boston, MA

Please contact MFP@state.ma.us if you would like to attend the meetings.
Requests for reasonable accommodations should be sent to MFP@state.ma.us. Although an RSVP is not required, it is appreciated.

An **MFP 101 introductory session** will also be held at the State Transportation Building on November 28, 2012 from 1:30 PM-2:00 PM for those not familiar with MFP.

Bookmark the **Massachusetts National Health Care Reform website** at: http://mass.gov/national health reform to read updates on ACA implementation in Massachusetts.

Remember to check http://mass.gov/masshealth/duals for information on the **"Integrating Medicare and Medicaid for Dual Eligible Individuals"** initiative.